

Congress of the United States

Washington, DC 20515

May 21, 2003

Mr. David M. Walker
Comptroller General
United States General Accounting Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Walker:

Your January 2003 report on the Small Business Administration's (SBA) loan sales program (GAO-03-87) raised serious concerns about the SBA's ability to account properly for its loan-sale transactions and estimate subsidy costs associated with the remaining loan portfolio. These issues also raised concerns about the reliability of current and future subsidy rates for budgetary purposes. We understand that subsequent to your report, the SBA hired an independent consulting firm to study and identify the causes of the accounting anomalies identified by the GAO.

In light of these events, we request that the GAO perform a follow up review of the SBA's loan-sales program to:

1. Summarize the deficiencies identified by the independent consultants and any corrective actions recommended by the independent consultants;
2. Assess whether the independent consultant's recommendations, if implemented properly, are likely to address the GAO's prior findings and result in reliable subsidy cost estimates; and
3. Determine the status of the SBA's implementation of any recommendations made by the independent consultants.

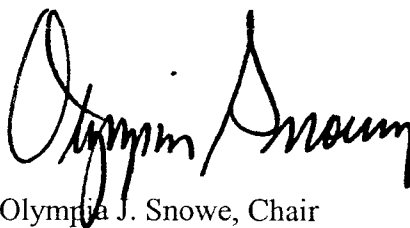
We further request that the GAO provide these committees with quarterly status reports on the SBA's progress until such time as the SBA and the GAO agree that all necessary corrective measures have been effectively implemented.

As this request progresses, please have your staff contact: Mike Hettinger or Dan Daly of the Subcommittee on Government Efficiency and Financial Management staff at (202) 225-37 ; Greg Wach of the Senate Committee on Small Business and Entrepreneurship staff at (202) 224 - 84 ; and Andrew Delia or Mark Stephenson with Representative Towns' staff at (202) 225-59. . Thank you for your prompt attention to these important matters, and thank you again for all of the valuable assistance you and your staff continue to provide to Congress.

Sincerely yours,



Todd R. Platts, Chairman
House Subcommittee on Government
Efficiency and Financial Management



Olympia J. Snowe, Chair
Senate Committee on Small Business
and Entrepreneurship



Edolphus Towns, Ranking Member
House Subcommittee on Government
Efficiency and Financial Management



Marsha Blackburn, Vice-Chair
House Subcommittee on Government and
Efficiency and Financial Management